

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Costa Rica

Citrus Annual

Orange Juice Production and Trade

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Report Highlights:

Costa Rica's production of oranges is expected to decline to 7.7 million boxes (40.824 kg.) during 2013/2014 as a result of abnormal weather conditions during the flowering period in 2013.

Production is forecast to rebound to 8.3 million boxes in 2014/2015 as additional trees come into production.

Executive Summary:

COSTA RICA: ORANGE JUICE PRODUCTION AND TRADE

Costa Rica's orange production is concentrated in the northern part of the Alajuela province, around Los Chiles, Guatuso and Upala, and in the northern part of Guanacaste, near the border with Nicaragua. Oranges are also produced in other regions of the country including Acosta, near the Central Valley, and Nandayure in Guanacaste. However, two companies, TicoFrut and Del Oro, control most of the production and processing of oranges in the country. According to government estimates, these two companies produce over 70% of the oranges harvested in Costa Rica. The rest is produced by medium and small size independent producers. Some of these producers have formed cooperatives and are trying to attract new farmers. The smaller independent producers tend to enter or exit the activity in response to short term price fluctuations not only of oranges but of coffee and cattle. The larger operations have been more stable as they plan their activities with a longer term horizon. The harvest takes place mainly from January to May, with peak production reached in March and April.

Production of oranges has also increased in Nicaragua, near the border with Costa Rica. According to data from the Costa Rican government, Costa Rica imported 84,673 MT of fresh oranges from Nicaragua during 2012 as compared to 73,296 MT in 2011. The oranges from these plantations are trucked to Costa Rica for processing. Government and industry estimates put area planted at around 21,000 ha. and 7.0 million orange trees, including area planted on the Nicaraguan side of the border. The number of trees is gradually increasing because most growers are planting or renovating their plantations with the "Flying Dragon" pattern, which allows for a higher number of trees per hectare. The "Flying Dragon" pattern is planted at approximately 966 trees per hectare, as compared to a range of 312 to 444 trees per hectare for other varieties. As this pattern takes hold, the number of trees should increase in the next few years as producers replant or renovate their farms using this variety.

Under current market conditions, area planted is not expected to increase substantially, in fact, government estimates indicate that area planted decreased from a peak of 25,000 ha. a few years ago to about 21,000 ha. One major concern among growers is the citrus greening disease, which was identified in 2011 in Costa Rica. The disease is difficult to manage, increases production costs, and could result in high losses. Growers are trying to contain the disease and have established strict controls to that effect. According to industry sources, the disease is under control and has not caused significant losses so far. Other pests, such as the root worm, cause more damage to citrus plantations in this country. Producers have mentioned that if not for the threat of citrus greening, area planted would probably increase, since the combination of higher productivity resulting from the flying dragon pattern, and good international prices for juice concentrate, make this an attractive agricultural activity.

Orange production was lower than previously expected at 8.0 million boxes (40.824 kg.) during 2012/2013 as a result of cyclical fluctuations and bad weather conditions. Industry sources expect total production to decrease again in 2013/2014 to about 7.7 million boxes. The main reason for the lower estimated production is related to the early rains at the beginning of April of this year, which

induced flowering of the trees in the area of Los Chiles. After a few days of rain, the dry weather resumed and the flowering was not supported by additional water, resulting in lower production.

Production should rebound in 2014/2015 to 8.3 million boxes, as new trees come into production, and assuming that weather conditions follow a more normal pattern in the main production areas.

Costa Rica exports the majority of its orange production as frozen orange juice concentrate, but also exports non frozen concentrate juice. According to information from the Costa Rican Trade Promotion Board (PROCOMER), during calendar year 2012, juice exports to all destinations amounted to 27,887 MT valued at \$60.3 million. Data available for 2013 (for January-October), indicate that export value had reached \$66.8 million, while export volume amounted to 36,731 MT.

The United States was Costa Rica's main destination for orange juice exports in 2012 and 2013. Exports to the U.S. reached 19,881 MT in 2012, valued at \$43 million, and 24,918 MT valued at \$49.3 million during the period January-October 2013. Other important destinations include the Netherlands, China, and Japan.

Costa Rican orange juice enters the United States duty free under the CAFTA – DR.

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